FINANCIAL STATEMENT.

MR. R. NILAKANTA PILLAI (*Ag. Financial Secretary to Government*): Sir, I beg to present the financial statement for the year 1102 M. E. As is usual on such occasions, I propose to touch briefly upon the last completed financial year, to explain the revised estimates for the current year and then to state the prospects and the distributions for the year to come.

ACTUALS OF 1100.

2. The revenue for the year 1100 was Rs. 210½ lakhs and the expenditure charged to revenue was Rs. 200½ lakhs, resulting in a surplus of Rs. 10 lakhs. This was an improvement on the figures of the revised estimates which anticipated a revenue surplus of Rs. 4¼ lakhs only. There was an improvement of Rs. 5 lakhs under revenue and the expenditure fell short of the revised estimates by Rs. 3/4 lakh. The increase in revenue was noticeable chiefly under Land Revenue (Rs. 1¼ lakhs), due to better collections than were anticipated of the arrears in the *kist* relating to the Kanni crop of that year, the realisation of which had to be postponed on account of the floods of Karkatakam 1099; under Customs (Rs. 1 lakh); Stamps and Registration (Rs. 1¼ lakhs) and other heads Rs. 1½ lakhs.

REVISED ESTIMATES OF 1101.

3. The estimates for the current year budgeted for an aggregate revenue of Rs. 206¾ lakhs and provided for a programme of expenditure, to be met from revenue, amounting to Rs. 203 lakhs, leaving a revenue surplus of Rs. 3¾ lakhs. According to the revised estimates, the total revenue is Rs. 217¼ lakhs and the total expenditure charged to revenue is expected to be Rs. 199¾ lakhs resulting in an anticipated surplus of Rs. 17½ lakhs.

REVENUE.

4. Land Revenue accounts for an increase of Rs. 1¼ lakhs over the budget estimate. Larger receipts on account of the realisation of arrears of the previous year under ordinary revenue and an increased collection from the disposal of Government lands account for this better result.

5. The revenue from Income Tax is expected to show a decline of Rs. 1¼ lakhs. The main reason for this fall is the immunity enjoyed by the Edavagai lands from taxation on account of a recent decision of the High Court. Besides, the current year is a year of transition as a result of the amendment to the Income Tax Regulation and many of the Collectors are reported to have experienced difficulty in the working of the Regulation in the early months of the year, assessments being thereby delayed in a number of cases.

6. There is an increase of Rs. 2 lakhs under excise revenue which comprises tobacco, abkari and opium. The revenue under license

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fees and duty on country liquor shows a fall of about Rs. ¾ lakh, as compared with the actuals of 1100. The increase under Excise over the budgeted amount is chiefly due to the larger realisation of duty on tobacco, and to the increased receipts under rebate of duty on opium and ganja recoverable from the British Government. The adoption, as in British India, of the pound avoirdupois in the place of the Dutch pound for the purpose of levying duty on tobacco from the 15th Kumbham 1101, accounts mainly for the increase of about Rs. ½ lakh under tobacco receipts. The budget for the current year estimated for the rebate of the duty on 5,000 seers of ganja and 2,600 seers of opium. But the rebate will actually be realised on 6,000 seers of ganja and 4,500 seers of opium supplied to the State during 1925-26. The increased receipt on account of the license fees and the rebate of duty on gânja and opium is Rs. 1½ lakhs in excess of the budget estimate.

7. An increase of Rs. 2¾ lakhs appears under customs revenue. It is almost entirely from sea customs realised at Alleppey, both under exports and imports. The principal items of exports which have contributed to this improvement are copra, pepper, dry ginger, turmeric, etc. The increase under all these items is chiefly due to better production during the year. The enhancement of the export duty on pepper from Bh. Rs. five to Bh. Rs. ten per candy with effect from 1st Dhanu 1101 is also responsible to some extent for the increased revenue under customs. The principal items under imports that have contributed to the increase of more than Rs. ½ lakh are manufactured iron and steel, cement, aniline dyes and stationery. The appearance of the mud bank around the vicinity of the Alleppey Pier afforded a safe smooth-water anchorage and enabled vessels to call almost throughout the year thereby facilitating shipping. Had it not been for the slump in the coir and fishing trades, the customs revenue would have shown a further increase to the extent of at least Rs. ½ a lakh.

8. The receipts under Stamps and Registration improved by Rs. 3¼ lakhs. The advance is mainly the result of larger sales of stamp-paper and increased receipts from fees for registering documents chiefly in connection with partition deeds under the Nayar and the Ezhava Regulations. There is also an improvement of more than Rs. ¾ lakh under Sale of Court Fee Stamps.

9. The next item of increased receipt is Interest. The increase occurs mainly under the two detailed heads "Interest on Government of India Securities" and "Premium on the purchase of Government of India Securities". Government of India Securities to the face value of Rs. 30½ lakhs were added to the surplus investments of the State in the course of the current year and the half-yearly interest realised on some of the securities provided an increase of Rs. half a lakh under the head "Interest on Government of India Securities". A sum of nearly Rs. ¾ lakh was realised as premium from the British Government on the conversion of the Government of India 5½ per cent. loan of 1925,

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[Mr. R. Nilakanta Pillai.]

in which the State had invested Bh. Rs. 10 lakhs, into the 5 per cent. loan of 1935 and another sum of Rs. 1¼ lakhs was credited in the accounts, being the difference between the face value and the purchase value of the Government of India Securities purchased during the current year for the Surplus Investments of the State. This accounts for the receipt of nearly Rs. 2 lakhs under premium.

10. The decline of less than Rs. ½ lakh in the receipts from the railway from Shencotta to Trivandrum as compared with the budget estimate of Rs. 2 lakhs for the year and the fall of nearly Rs. 1 lakh as compared with the actuals of 1100 is explained by the fact that while the gross earnings from the Travancore Branch of the railway for the first half year ended 30th September 1925 was nearly Rs. 11¼ lakhs, those during the second half year ended 31st March 1926 were only Rs. 9½ lakhs, thus showing a decrease of Rs. 1¾ lakhs; and the working expenses rose slightly from Rs. 6,09,000 in the first half year to Rs. 6,17,000 during the second. The fall in the gross earnings during the second half year was mainly due to breaches during December 1925 and to the reduction in passenger fares. The budget estimate for the ensuing year is however placed at Rs. 2 lakhs as against the receipts of Rs. 2½ lakhs in 1100 and of Rs. 1,65,800 in the current year assuming that there will not be adverse circumstances in the official year beginning from 1st April 1926.

EXPENDITURE.

11. Turning to the expenditure side, the revised estimates show that there will be a saving of Rs. 3¼ lakhs spread over the various major heads; and a few items which show variations of over Rs. ½ a lakh have been explained in the Memorandum attached to the Budget

BUDGET ESTIMATES OF 1102.

12. I shall now proceed to deal with the budget estimates for the next year. The sale proceeds of Government lands were hitherto included in land revenue receipts. As these receipts, which are estimated at Rs. 4 lakhs, are more or less of the nature of capital receipts, they have been taken outside the general revenue receipts and shown under capital revenue receipts in the budget estimate of 1102. Thus, the estimate of total revenue in the year 1102 is placed at Rs. 211½ lakhs and it is generally based on the revised estimates for the current year. A sum of Rs. 208 lakhs has been allotted for expenditure which is nearly Rs. 8 lakhs in excess of both the actuals of 1100 and the revised estimates for the current year. The ensuing year is thus expected to result in a revenue surplus of nearly Rs. 3½ lakhs.

REVENUE.

13. The total revenue next year is expected to fall short of the anticipated receipts of the current year by Rs. 5¾ lakhs. There are not many items on the revenue side which require any special explanation. The receipts from land revenue are placed at Rs. 5 lakhs less, the decrease being chiefly due to the removal of the item "Sale of Government lands" outside the revenue receipts, with a reduction of Rs. ¾ lakh

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